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ABSTRACT

The 1991-92 and 1993-94 audit for SYRIT Computer School Systems revealed noncompliance of appropriate law and regulations in certifying students for Tuition Assistance Program (TAP) awards. SYRIT was overpaid $2,817,394 because school officials incorrectly certified student eligibility. The audit also discovered that students graduated and were not offered the required 1,440 hours in an educationally sound manner, students were taught by unlicensed teachers, students were taught in classes that exceeded the approved student/teacher ratios, and students were admitted who did not meet the state residency requirements. SYRIT management practices were also questionable. Tuition rates had been increased to certify students for TAP eligibility and ensure them a larger TAP award. Tuition was also adjusted for each student by writing off or waiving any unpaid balances after all financial aid had been applied. Additionally, students in the ESL/Computer Programming and ESL/Accounting programs dropped out after taking only the ESL portion--if they had been enrolled in the regular ESL program, they wouldn't have been eligible for TAP. Recommendations for education departments include recovering incorrect certification money and assuring the compliance of SYRIT with educational requirements. (YKH)

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ED 415 923

SYRIT Computer School Systems

Carmen Maldonado

New York State Office of the Comptroller

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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

February 5, 1998

Mr. Richard Mills
Commissioner
State Education Department
Education Building
Albany, NY 12234

Mr. Robert J. Maurer
President
Higher Education Services Corporation
99 Washington Avenue
Albany, NY 12255

Re: SYRIT Computer School Systems
Report 95-T-8

Dear Mr. Mills and Mr. Maurer:

According to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution, Section 8, Article 2 of the State Finance Law and a Memorandum of Agreement dated December 1, 1989 involving the State Comptroller, the Commissioner of Education, the President of the Higher Education Services Corporation (HESC), and the Director of the Budget, we audited the records and procedures used in administering the Tuition Assistance Program (TAP) at SYRIT Computer School Systems for the 1991-92 through 1993-94 academic years.

Summary Conclusions

According to Section 665(3)(b) of the Education Law (Law), we have determined that SYRIT was overpaid $2,817,394 because school officials incorrectly certified some students as eligible for TAP awards. From our statistical sample, we disallowed 139 awards totaling $244,948. A statistical projection of the disallowed awards to the entire population results in an audit disallowance of $2,794,125. We also disallowed 13 awards totaling $23,269 based on our review of other awards from outside the sample period. Additionally, we found that SYRIT officials did not comply in most material respects with the provisions of the Law and Commissioner of Education's Rules and Regulations (Regulations) for certifying TAP awards. Further, we concluded that SYRIT's internal control system cannot be relied on to provide reasonable assurance that SYRIT officials correctly certified students as eligible for TAP awards.

Based on our review of SYRIT's internal control system, we identified material weaknesses which allowed for the following: students graduated and were not offered the required 1,440 hours in an educationally sound manner; students were taught by unlicensed teachers; students were taught in classes that exceeded the State Education Department (SED) approved student/teacher ratios; and students were admitted who did not meet the State residency requirements. We also noted questionable management practices by SYRIT officials in establishing their tuition charges and enrolling students in the TAP-eligible English as a Second Language (ESL)/Accounting or ESL/Computer Programing programs. SYRIT officials established a tuition charge which allows most students to be eligible for maximum TAP and Pell (the Federal student financial aid program) awards; any tuition balance not covered by the awards is then written off. For the ESL/Accounting and ESL/Computer Programing programs, we noted that most students dropped out after taking only the ESL portion of the programs. SYRIT offers an ESL program that is non-TAP eligible. If the students had been enrolled in the school's ESL program, they would not have been eligible for TAP.

We recommend that HESC recover the total $2,817,394 plus applicable interest from SYRIT. Because of SYRIT's significant noncompliance with the Law and Regulations, material weaknesses in SYRIT's internal control system, and other questionable management practices, we recommend that HESC review the findings in this report concerning SYRIT's administration of its TAP certification process. HESC should determine if SYRIT is complying with the terms of the agreement it executed governing its participation in TAP and take appropriate action concerning the school's continued participation in TAP.

Background

During our audit period, SYRIT was a non-profit, two-year registered business school located in Brooklyn. SYRIT offered four business-related programs, leading to a diploma, which are approved by SED for TAP eligibility. After our audit fieldwork was completed, SYRIT was granted authority by the New York State Board of Regents to offer Associate Degree programs.

TAP is the largest of the various student grant and scholarship programs administered by HESC. It is an entitlement program designed to provide tuition aid to eligible full-time students who are enrolled in a variety of programs.

A draft copy of this report was provided to SED, HESC and SYRIT officials for their review and comment. HESC and SED agreed with the findings presented in this report. SYRIT officials disagreed with disallowances for most students. We have considered their comments and made certain adjustments in the preparation of this final audit report.

Audit Scope

The objective of our financial and compliance audit was to determine whether SYRIT's management complied with appropriate Law and Regulations for certifying students as eligible for TAP awards. The scope of our audit did not include reviewing the records and procedures of HESC as they relate to determining the amount of the awards.

According to HESC records, SYRIT certified 1,193 students for 2,462 TAP awards totaling $4,302,723 during the 1991-92 through 1993-94 academic years. We selected and reviewed a statistical sample of 200 awards totaling $348,421 paid on behalf of 187 students during that period. We also reviewed other awards that came to our attention during the audit.

We did our audit according to generally accepted government auditing standards. Such standards require that we plan and do our audit to adequately assess those operations of SYRIT which are included within our audit scope. These standards also require that we review and report on SYRIT's internal control system and its compliance with the Law, and the Regulations that are relevant to SYRIT's operations that are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and includes applying such other auditing procedures as we consider necessary. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

In planning and doing our audit of SYRIT, we reviewed management's internal control system. Our audit included a review of the internal controls in the accounting system and other systems supporting the claims for student financial aid. We found that SYRIT management lacked an effective system of internal controls and, as a result, certified a large number of ineligible students for TAP awards, as discussed in this report.

SYRIT's management is responsible for complying with the Law and the Regulations. In connection with our audit, we tested SYRIT's compliance with certain provisions of the Law and Regulations. We found material weaknesses as discussed later in this report.

The results of our audit indicated that for the transactions and records tested, SYRIT did not comply, in most material respects, with the provisions referred to in the preceding paragraph, as noted in the following sections of the report.

Audit Results

Based on our review of SYRIT officials' administration of TAP and certification of students for TAP awards, we identified material weaknesses in SYRIT's internal control system and noncompliance by SYRIT officials with the applicable provisions of the Law and the Regulations for certifying TAP.

Also, we identified material weaknesses in our prior audit of SYRIT for the academic years from July 1, 1985 through June 30, 1990. During this earlier audit, SYRIT officials did not have the required attendance records necessary to support students' TAP eligibility. SYRIT officials stated that these records were discarded by a custodian. The records that SYRIT did provide did not adequately support that the students were eligible for TAP. Therefore, we disallowed all $2,672,731 in TAP awarded to SYRIT for those years.

During our current audit, SYRIT officials still had not taken adequate action to improve its internal control system. While SYRIT provided us with certain records, we found that these records did not support the students' eligibility for their TAP awards. We determined that all 108 of the students in our statistical sample who graduated, were not offered the required 1,440 hours in an educationally sound manner. For most students in our sample, we found they were ineligible for their TAP awards for at least one of the following reasons: they were taught by unlicensed teachers; they did not receive the required number of course hours; they were taught in classes that exceeded the SED-approved student/teacher ratio; and, they did not meet the one-year State residency requirement.

Furthermore, we identified various practices in place at SYRIT which raise significant questions about management's operating philosophy. As discussed later in the report, we found that SYRIT charges a tuition rate that almost no student pays in full. SYRIT uses this higher tuition rate when it certifies the students for TAP eligibility to HESC. SYRIT adjusts the tuition on an individual student basis, by writing-off or waiving any unpaid balances after all financial aid has been applied. One element in calculating the amount of the TAP award amount is the tuition. If SYRIT inflates its tuition, the student could receive a larger TAP award. We found that 185 of the 187 students (99 percent) in our sample had balances on their accounts written-off, averaging 51 percent of the tuition change. The amount of tuition SYRIT received was equal to the amount of TAP and Pell awarded to these 185 students. Additionally, we noted that 56 awards were paid on behalf of students who were in the TAP-eligible ESL and Business-Related program. We found that none of these students completed the program. These students took the ESL portion only. If these students had been enrolled in the school's ESL program, they would have been ineligible for TAP. These two conditions were also identified by SYRIT's accrediting commission. In its May 20, 1996 letter to SYRIT's director, the accrediting body concluded that the school is actually offering stand-alone ESL programs.

These matters are discussed further in the section of this report entitled "Other Matters Needing Attention."

Audit Disallowance

The following table summarizes the disallowances that resulted from our audit.

Disallowances from the Statistical Sample	Number of Awards	Amount	
Students Not Offered 1,440 Approved Hours	108	$191,012	
Students Not in Full-Time Attendance:			
Unlicensed Teachers	97	171,775	
Insufficient Course Hours	29	52,586	
Unidentified Teacher	1	2,025	
Not in Attendance	1	1,788	
Classes Exceeded Student/Teacher Ratio	37	64,161	
Students Not Meeting Residency Requirement	4	6,727	
TAP Not Posted	1	1,788	
Total Disallowances from the Statistical Sample	278	491,862	
Less: Disallowances for more than one reason	139	246,914	
Net Disallowances from the Statistical Sample	139	$244,948	
Projected Disallowance			$2,794,125
Disallowances from Years Outside the Statistical Sample			
Students Not Offered 1,440 Approved Hours	13		23,269
Total Audit Disallowance			$2,817,394

The various types of disallowances are discussed in the following sections of this report. We provided the details of the statistical projection, students' names and related information to SYRIT officials separately.

General Requirements

Registered business schools must follow requirements established in the Law, Regulations and SED guidelines to ensure that their course hours are taught in an educationally sound manner. Course hours which are not taught in compliance with these requirements do not count toward total hours when calculating a student's full-time status for TAP eligibility. To

determine our TAP disallowances for each student, we reviewed the school's attendance registers to calculate the number of hours that students were taught in an educationally sound manner. For the students who graduated, we determined whether the school offered a program which met the minimum 1,440 hour requirement established in Section 145-2.3 of the Regulations.

Section 661 of the Law requires that a student be in full-time attendance, as defined by the Commissioner of Education, to be eligible for financial aid awards. Any course hours which a student was offered that were not in an educationally sound manner, do not count towards a student's full-time status.

Section 5002 of the Law requires registered business schools to employ teachers who are licensed by SED. In accordance with this requirement, we did not count hours toward a student's TAP eligibility for courses taught by teachers who SED determined were not qualified to teach the subjects they were teaching.

Section 126.4 of the Regulations states, "...the Commissioner shall approve the appropriate student-to-teacher ratio for each course or curricula. Schools shall ensure that student enrollment on the attendance register does not exceed the approved ratio after the first week of instruction." An SED directive states, "Each attendance register must contain a signature block in which the teacher who is responsible for taking attendance verifies the accuracy of the attendance register." The directive also states, "The teacher is the one who is legally responsible for the daily taking of attendance in each laboratory, class, or session. All teachers must initial the attendance register daily to attest that attendance was taken and recorded." In accordance with these requirements, we did not count hours toward a student's TAP eligibility when courses exceeded the SED-approved student/teacher ratio.

Students Not Offered 1,440 Approved Hours

Criteria - Section 601.4 of the Law requires that students attending a registered business school be enrolled in an approved two-year program to be eligible for TAP awards. Section 145-2.3 of the Regulations defines an approved program as one that provides at least 1,440 instructional hours and is approved by SED under Section 126 of the Regulations.

The approved program defines the specific core curriculum which SED has determined provides the most essential skills or competencies needed for students to meet the occupational objectives of the program. SED has established criteria to determine whether any deviations from the approved program's core requirements are serious enough to cause the program to lose its approved status for TAP purposes. SED has concluded that a program's TAP eligibility is lost if a core course was offered for less than 90 percent of its approved length and the total number of instructional hours offered was less than 1,440.

Audit Determination - We identified 108 awards from our statistical sample period and 13 awards from outside the sample period paid to students who graduated from SYRIT, but were not offered a program that provided at least 1,440 approved instructional hours as required. Also, we determined that these students graduated but did not successfully complete their program's

core course requirements because, in certain courses, less than 90 percent of the course hours were offered in an educationally sound manner. In calculating the 1,440 hour requirement, we did not count course hours for students in the following situations:

- Courses where the actual student/teacher ratio exceeded the SED-approved ratio. For example, the actual student/teacher ratio for a BASIC programming course offered was 35:1. However, the ratio approved by SED is only 20:1.

- Course hours taught by teachers who were neither licensed nor qualified to teach the subjects they taught. SED confirmed that it was not educationally sound for these teachers to teach the subjects.

- Course hours when the attendance registers were not initialed by a teacher as required.

- Courses that were offered for less than the approved number of hours.

SED has advised us that when the total of the course hours taught in an educationally unsound manner exceeds 10 percent of the approved course length, the entire course is not counted towards meeting the 1,440 hour requirement. We found that most of these students also did not meet their core course requirements. After subtracting the hours taught in an educationally unsound manner, we determined that these courses were offered for less than 90 percent of the approved number of hours to meet SED-approved core requirements.

School Officials' Position - SYRIT officials maintain that all students received at least 1,500 hours of instruction. In their response, SYRIT officials explained that the classes did not exceed the SED-approved student/teacher ratio. SYRIT officials provided us with a list of lab assistants, who they state assisted the teachers in 74 classes. These lab assistants are licensed teachers. Therefore, when calculating the student/teacher ratios using two teachers, these classes were within the SED-approved student/teacher ratio. Also, SYRIT provided payroll information for the lab assistants showing that they were employed by SYRIT. Further, SYRIT officials stated that their teachers are all qualified to teach the courses that they were teaching including the course hours where we could not identify the teacher.

SYRIT hired an independent curricular consultant to review some courses where we found that the school had not offered sufficient course hours. The consultant concluded that, although the courses were offered for less than the approved number of hours, the content was made up in the other courses. SYRIT's consultant concluded that the courses questioned in the audit report, were offered for the minimum 90 percent of the approved number of hours.

Auditors' Comments - SYRIT officials did not adequately document their claim that the courses did not exceed the student/teacher ratios because lab assistants helped teach these courses. In response to our preliminary audit finding SYRIT officials created and provided us a schedule showing the teachers and the lab assistants assigned to each course. However, SYRIT officials did not provide sufficient documentation to adequately corroborate the specific information on the schedule such as the course and classroom where the teachers were assigned to assist. The

payroll records SYRIT officials submitted showed that the lab assistants were employed by SYRIT, however, these records do not show where and when these teachers were working.

Additionally, we found instances where the information on the schedule provided by SYRIT officials conflicts with information provided previously during the audit. We found that a certain teacher's assignment as a lab assistant on this schedule conflicted with information on signed attendance registers which showed the same teacher teaching a different course in a different location. This raises further question of the authenticity of the information provided.

We also found that the attendance register was signed or initialed by only one instructor. Although SYRIT officials have argued that the registers only have a designated location for one set of initials and one signature, there is blank space on the page which would allow for an additional signature and initials. Furthermore, SYRIT officials could not provide us with other documents such as a master schedule, course description from the catalog, or the signed cover of the attendance book to corroborate their position that licensed teachers acted as lab assistants in the courses we identified as overcrowded.

Finally, SYRIT officials position that they had a second teacher in the classroom was never brought to the auditors' attention or documented during the audit. Also, SED had not found a second licensed teacher during its site visits, nor has the second teacher concept been offered by SYRIT officials to contradict SED's findings of classroom overcrowding. Furthermore, SED has cited SYRIT for excessive student/teacher ratios in the past and their program reviewers, who conducted site visits at SYRIT, do not recall observing licensed teachers acting as lab assistants in the classrooms.

For those instances when we found that the teachers were not licensed or qualified to teach the courses they were teaching, we were guided by SED officials' conclusions. Based on license applications, fees and other information provided by SYRIT officials, SED reviewed the qualifications of the teachers in question. They concluded that the teachers we identified, in fact, were not licensed or qualified to teach the courses they were teaching at the time of the audit.

SYRIT's curricular consultant provided an analysis that showed the shortage of hours in a class was made up by course hours in another class. SED officials reviewed the response from the curricular consultant and concluded in their response to us that the manner in which SYRIT offered the TAP-eligible curricula was not educationally appropriate. SED stated that the curricular consultant's documentation provided no evidence that the entire curricula was taught within the reduced number of instructional hours. Also, SED concluded that the process followed by SYRIT in transferring hours from one course to another course was educationally unsound. Based on SED's guidance and our own review, we did not accept SYRIT's curricular consultant's explanation.

Furthermore, when calculating course hours based on the consultant's explanation, we found that some of the school's courses were not taught in an educationally sound manner. For

example, taking hours from one course and adding them to another course resulted in the first course being offered for less than the required number of hours.

Students Not in Full-Time Attendance

Criteria - Section 145-2.1 of the Regulations states that in noncollegiate programs, which measure study in terms of instructional hours, full-time study requires at least 24 instructional hours a week.

Audit Determination - We found that 128 awards were paid to students who did not maintain full-time status as follows:

- 97 awards were paid to students who were taught by 17 teachers who were not licensed and were not qualified to become licensed to teach the course.
- 29 awards were paid to students who were offered course hours which totaled less than 90 percent of the approved course length.
- 1 award was paid to a student who was taught by a teacher whose identity could not be determined and therefore, the license could not be verified.
- 1 award was paid to a student who did not attend classes during that term.

School Officials' Position - In their response, and in subsequent meetings SYRIT officials stated that the teachers we identified as unlicensed, were qualified to teach the subjects they taught. SYRIT officials' response to the issue of insufficient course hours is discussed in the previous section of the report. SYRIT officials provided the identity of most of the teachers who we could not identify. SYRIT officials agree that the student was not in attendance during a term that she received TAP. However, SYRIT officials stated that they sent a change form to HESC, decertifying this award, but HESC did not process the change.

Auditors' comments - Based on license applications, fees and other information provided by SYRIT, SED officials reviewed the qualifications of the teachers in question. They concluded that the teachers we identified, in fact, were not licensed or qualified to teach the courses they were teaching at the time of the audit. Our position on the insufficient course hours offered is discussed in the previous section of this report. For the unidentified teacher, we found one attendance register with no initials for certain days. Therefore, we could not identify and verify the qualifications of this teacher. For the student who was not in attendance, HESC has no record of the change form from SYRIT and SYRIT officials could not provide us a copy of the form the state that they sent to HESC.

Classes Exceeded Student/Teacher Ratio

Criteria - Section 126.4 of the Regulations requires registered business schools to ensure that

student enrollment on the attendance register does not exceed the approved student/teacher ratio after the first week of instruction. An SED directive states, "Each attendance register must contain a signature block in which the teacher who is responsible for taking attendance verifies the accuracy of the attendance register." The directive also states, "The teacher is the one who is legally responsible for the daily taking of attendance in each laboratory, class, or session. All teachers must initial the attendance register daily to attest that attendance was taken and recorded."

SED approved a higher student/teacher ratio for a program during our audit, therefore, we applied the higher ratio for the entire audit period. We did not count classes toward a student's TAP award eligibility that exceeded the SED-approved student/teacher ratio.

Audit Determination - We identified 37 awards paid to students who attended courses that exceeded the approved student/teacher ratios. The approved ratio for most of the courses is 20 students to one teacher. However, we found these courses exceeded the approved ratio by anywhere from six to fifteen students. Consequently, SYRIT did not teach the curriculum as approved by SED. Therefore, we disallowed TAP awards for these students.

School Officials' Position - SYRIT officials stated that they used licensed teachers as lab assistants, helping the teachers in these classes. They provided payroll information to support this. Therefore, factoring in a second teacher in the classes, the actual student/teacher ratios drop to within the SED-approved ratio.

Auditors' Comments - As described previously in this report, SYRIT officials did not provide adequate evidence to support their position that a second teacher assisted in these classes. These lab assistants did not initial or sign the attendance registers. Further, in two classes where SYRIT indicated a lab assistant was used, we found that the lab assistant was also listed on an attendance register as the teacher for another class in a different room at the same time. SYRIT officials responded that this was not true, but did not provide documentation to support their claim.

Students Not Meeting Residency Requirement

Criteria - Section 661 of the Law states "... an applicant for an award at the undergraduate level of study must ... have been a legal resident of the state for at least one year immediately preceding the beginning of the semester, quarter or term of attendance for which application for assistance is made...." HESC's Manual on Programs, Policy and Procedures stipulates that institutions should not certify State awards for any student whose New York State residency is suspect.

Audit Determination - We identified four awards for three students who did not meet residency requirements. Based on information in these students' files, we determined that these students were not residents of New York State for at least one year prior to receiving a State award.

School Officials' Position - SYRIT officials disagreed with one of these disallowances. They

stated that based on the date of entry on the student's alien registration card, the student met the residency requirement.

Auditors' Comments - The date SYRIT officials indicated as the date the student became a resident of New York is incorrect. The correct date of residency is shown on the back of the alien registration card. Using this date, we concluded that the student did not meet the residency requirement for TAP eligibility.

TAP Not Posted

Criteria - Section 2205.3(d) of the Regulations requires that each student account be credited for the TAP award within seven days from the date a full tuition liability had been incurred for the semester, quarter or term of attendance.

Audit Determination - We found an instance where SYRIT did not credit a student's account for the award received.

School Officials' Position - SYRIT officials provided the student's account card showing that the TAP award was posted on a timely basis.

Auditors' Comments - The copy of the student's account card provided to us during the audit contained different transactions than the account card provided in the response to our draft audit report. Based on these inconsistencies, we are retaining this disallowance.

Other Matters Needing Attention

SYRIT's Tuition Charge

Criteria - Each educational institution in New York State determines its tuition rates. The institution's tuition charge is a major component in calculating the amount of TAP awards students receive. Students generally receive more TAP if the school's tuition is high.

Audit Determination - SYRIT reportedly charges $15,000 tuition for each of its 1,500 hour programs. However, we found that in most cases any tuition charges not paid by TAP or Pell funds were written off as bad debts, adjustments, or waivers. Since SYRIT forgave all remaining tuition balances not covered by TAP or Pell, the students did not have to pay any part of their tuition.

We found that 185 of the 187 students (99 percent) included in our statistical sample had some part of their tuition written off. The dollar value of these write-offs ranged from $37.50 to $13,256. During the three years included in our audit, SYRIT charged these 185 students a total of $3,033,000 in tuition, of which $1,556,009 (51 percent) was written off. Furthermore, we calculated that the amount of tuition received by SYRIT was equal to the amount of TAP and Pell awarded to the students.

School Officials' Position - SYRIT did not provide a formal response to this issue.

Enrollment In TAP Approved Programs

Criteria - Section 604 of the Education Law requires that students be in an SED-approved program to be eligible for financial aid. SYRIT offers four 1,500 hour programs (Accounting, ESL/Accounting, Computer Programming, and ESL/Computer Programming) that are approved by SED for TAP eligibility. The two programs with an ESL component, consist of 600 hours in ESL and the remaining 900 hours either in Accounting or Computer Programming. The school also offers an ESL program that is not approved by SED for TAP eligibility.

Audit Determination - We found that 56 of the 187 students in our sample were enrolled in either the ESL/Accounting or ESL/Computer Programming programs. During the first 600 hours of these programs, students are taught the ESL portion of the program. Based on our review of attendance registers, we found that none of these students continued beyond the ESL portion of the program. After completion or close to completion of the ESL portion, these students either dropped out of SYRIT, or enrolled in the full 1,500 hour Accounting or Computer Programming program (without the ESL component). If the students had been enrolled in the school's ESL program, they would not have been eligible for TAP. These conditions were also identified by SYRIT's accrediting commission. In its May 20, 1996 letter to SYRIT's director, the accrediting body concluded that the school is actually offering stand-alone ESL programs.

School Officials' Position - SYRIT did not provide a formal response to this issue.

Excess Tuition Liability Certified

Criteria - Section 661 of the Education Law states that a TAP award cannot exceed the tuition charged. SYRIT's reported total program tuition is $15,000.

Audit Determination - We found that SYRIT officials did not report the proper tuition charge to HESC for 96 of the 200 awards (48 percent) in the statistical sample. SYRIT reportedly charges $15,000 tuition for each program. For a three-term program, SYRIT certifies $5,000 per term on the TAP roster that is submitted to HESC. However, for programs that last for four terms, SYRIT also reports $5,000 tuition per term. Instead, SYRIT should be including the correct amount of $3,750 on the TAP roster to HESC. Consequently, SYRIT officials certified tuition liability to HESC in excess of the actual tuition charged for these four-term programs.

We confirmed with HESC that the higher tuition certified did not result in any excess TAP awards, nevertheless, SYRIT officials should accurately certify tuition for each term.

School Officials' Position - SYRIT officials did not provide a formal response to this issue.

Record keeping Practices

Criteria - Institutions document students' academic performance using official transcripts. The transcript should be maintained on a term-by-term basis, listing all courses taken and grades received. The term and cumulative grade point averages should also be presented.

Section 126.4(e)(1)(2) of the Regulations outlines the necessary information to be found on required attendance registers and calls for the school to determine the academic standing of each student.

Audit Determination - We found SYRIT's transcripts were prepared in a manner that does not ensure that students are meeting good academic standing requirements for TAP eligibility. The transcripts show courses taken, but the courses are not listed in chronological order and no dates or terms are indicated. Therefore, using the transcript, a reviewer cannot determine when courses were taken, completed or repeated.

Additionally, we found that some attendance registers did not have the information required by SED, such as the room number, schedule, approved name of course, name and signature of the instructor for each class, and last date of attendance for any student who drops out or discontinues. Most of the information available was stapled to the attendance register, rather than written or printed on the pages of the attendance registers.

School Officials' Position - SYRIT officials did not provide a formal response to this issue.

Recommendations to the Higher Education Services Corporation

1. *Recover $2,817,394 plus applicable interest, from SYRIT for its incorrect TAP certifications.*

2. *Review the findings in this audit report to assess whether SYRIT is complying with its participation agreement for TAP. If warranted, discontinue SYRIT's participation in the State's financial aid programs.*

3. *Ensure that tuition amounts certified each term do not exceed the amount of tuition liability incurred for that term.*

Recommendations to the State Education Department

1. *Ensure that courses are instructed by licensed teachers.*

2. *Ensure that SYRIT is in compliance with SED regulations as they pertain to the various other issues as stated in this report, for example that classes do not exceed the approved student/teacher ratio and students are enrolled in TAP approved programs, and the reasonableness of SYRIT's tuition write-off*

3. *Review student enrollment in programs with an ESL component to determine continuance beyond the ESL portion of the program.*

4. *Examine SYRIT's recordkeeping practices, primarily student transcripts and attendance records, to ensure that they are in compliance with requirements in the Law and Regulations.*

Major contributors to this report were David R. Hancox, William Challice, Frank Russo, Kenneth I. Shulman, David Louie, Jeremy Mack, Cindy Huie and Don Collins.

We wish to express our appreciation to the management and staff of SYRIT for their courtesies and cooperation extended to our auditors during this audit.

Yours truly,

Carmen Maldonado

Carmen Maldonado
Audit Director

cc: Rabbi Elliot Amsel
Donna Arduin, DOB